



United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

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For Immediate Release

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Fact-Based Budgeting: Sessions Presents Research on Deficit Reduction To Senate Colleagues

"News reports now indicate that Budget Committee Chairman Kent Conrad is crafting a budget plan comprised of at least fifty percent tax hikes relative to spending cuts...a large body of empirical research has emerged that analyzes different approaches to fiscal consolidation in numerous industrialized nations. I directed my Budget Committee staff to review these studies as part of a fact-based approach to confronting our debt...nations that have relied primarily on spending cuts to reduce their deficits and debt fare far better economically than those that have resorted to large tax increases—including nations that have specifically employed a 1-to-1 ratio between savings and taxes."

WASHINGTON—U.S. Sen. Jeff Sessions (R-AL), Ranking Member of the Senate Budget Committee, wrote to his colleagues in the Senate today, on both sides of the aisle, to share a white paper produced by his Budget Committee staff that thoroughly reviewed and analyzed a large body of empirical research over how other nations have successfully, or unsuccessfully, confronted their deficits and debt. The white paper conclusively demonstrates that nations who have relied on spending cuts, rather than tax increases, were more successful and experienced greater economic growth. It also describes the sustained economic costs currently imposed by our existing debt. In his letter, Sessions emphasizes the need for fact-based budgeting and urges colleagues to carefully consider the evidence presented.

A copy of the white paper can be found [here](#). Text of the letter follows:

May 12, 2011

Dear Colleague:

We find ourselves in a historic debate over our nation's finances and future. An expanding burden of government spending, much of it financed with red ink, has created a national debt that poses a grave and imminent danger to our economic and national security. Although the warning signs have been evident for some time, there now appears to be a growing consensus that Congress must act swiftly to both forestall economic crisis and chart a path forward to more jobs and prosperity. If our debt is not addressed quickly and convincingly, we risk putting the nation on a path of economic decline.

Critical differences remain, however, over how best to reduce the deficit, by how much, and what is the ideal size and role of our federal government. Indeed, news reports now indicate that Budget Committee Chairman Kent Conrad is crafting a budget plan comprised of at least fifty percent tax hikes relative to spending cuts.

While we have been debating these issues in Congress, a large body of empirical research has emerged that analyzes different approaches to fiscal consolidation in numerous industrialized nations. I directed my Budget Committee staff to review these studies as part of a fact-based approach to confronting our debt. The results are summarized in the attached white paper.

Among the results we have found is that substantial, focused reductions in spending have a significant and positive economic impact. As our analysis also indicates, nations that have relied primarily on spending cuts to reduce their deficits and debt fare far better economically than those that have resorted to large tax increases—including nations that have specifically employed a 1-to-1 ratio between savings and taxes. These studies also demonstrate that the latter approach failed to produce anticipated revenue. Finally, the research we analyzed shows that nations that failed to sufficiently reduce spending levels saw persistent high unemployment and sustained low levels of economic growth.

The lessons learned from successful and unsuccessful fiscal consolidation efforts should serve as an invaluable tool and guide as we work to meet this extraordinary challenge in the weeks and months ahead. I hope you will find this research useful, and encourage you to contact my staff with any questions.

Sincerely,

Jeff Sessions



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